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SUBJECT: Serbian Political Roundup - Crumbling Coalition?

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Summary

¶1. (SBU) In a June 1 press conference, Serbian Prime Minister Kostunica officially responded to the final tally of the Montenegrin referendum, and addressed several key issues facing his government: the formal dissolution of the State Union, the upcoming cabinet reshuffle, and a new constitution. With the dissolution a reality and constitutional talks again underway, conventional wisdom in Belgrade is that parliamentary elections are likely in the fall. End Summary.

PM Announces Changes

¶2. (U) Kostunica held a rare press conference June 1 to address the results of the Montenegrin referendum and announce pending changes to his cabinet following the resignation of DPM Labus over the EU's decision to suspend SAA talks because of non-cooperation with ICTY. Kostunica's remarks highlighted the EU's recognition of the fairness of the process, but stopped short of recognizing Montenegro's independence. (Note: Serbia subsequently recognized Montenegro on June 15. End note.) Most of the government's work, though, has been in reaffirming Serbia's continuance of SaM's international legal identity. President Tadic has sent a letter to the UN claiming as much and reaffirming Serbia's inheritance of SaM's UN seat and membership in key IO's, including the OSCE, based on the provisions of the state union charter. Montenegro has similarly referenced the charter in a letter to the UN asking for membership, thus implicitly recognizing Serbia's successor claims.

Institutional Change

¶3. (U) In addition to these international legal formalities, Kostunica is facing a major overhaul of the institutions of government. Since the state union was the successor to the FRY, it retained many traditional state-level functions of government, including all competencies of the Ministries of Defense and Foreign Affairs and control of the armed forces through the Supreme Defense Council. Tadic and Kostunica have already sparred over the president's control of the military. The president is the commander and chief of the military under Serbia Republic law, but his responsibilities beyond that are not defined. Some in DS have expressed concern that the PM might seek to legislate a larger role for himself or the Defense Minister in controlling the military. Tadic, Stankovic, and now acting CHOD Ponos have all told Washington visitors in recent weeks unequivocally that the President is the CinC, but lines of authority are still legally murky.

¶4. (SBU) On June 8, the GoS issued a formal decree abolishing state union agencies and institutions and transferring some competencies to the jurisdiction of the Republic of Serbia. The

abolished institutions include SaM Parliament, President, Council of Ministers, Supreme Defense Council and the SaM court. Of particular note, the SaM Human and Minority Rights Ministry is now transferred to the Republic of Serbia as an executive agency of the government (vice a ministry). Serbian Justice Minister Stojkovic told local press that of all the ministries of SaM, only defense and foreign affairs ministries remain in operation. The National Council for Cooperation to The Hague Tribunal, the Coordinating Body for Southern Serbia, and the Coordinating Center for Kosovo and Metohija will continue to work for the Serbian republic, with Ljajic continuing at the helm of the first two bodies and Sanda Raskovic-Ivic likely to remain at the head of the CCK. The decree recommended a 45-day deadline (a political commitment, not a legal requirement) for the Serbian parliament to adopt amendments to the laws on ministries and government, which would allow for personnel changes including the minister positions in Defense and MFA.

Cabinet Reshuffle In the Works

15. (SBU) There has been little debate over keeping Defense Minister Stankovic, but speculation is rampant that FONMIN Draskovic might be replaced once the amendments are made. SPS and Draskovic have been bitter enemies for years, and SPS leadership has threatened to withhold support from the government unless Draskovic is removed. Kostunica's 45-day window means Draskovic may well be safe until the end of July, when summer recess could prolong his tenure even further. If/when Draskovic leaves, though, his 3 SPO MP's likely would leave with him, which would further erode the GoS's parliamentary majority.

16. (SBU) Meanwhile, the Radicals have intensified their rhetoric against the government. Most recently, the SRS has protested the well-publicized efforts of G-17 Plus to bar the party from politics on the grounds that its MP's are inciting racism and promoting hate speech in the parliament. The SRS has also protested what it calls the "dirty deal" the government has completed with the 45-day delay,

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and has walked out of its seats in all parliamentary committees. Due to the Byzantine make-up of the committees, some are chaired by, or are staffed in the majority by, the opposition SRS - notably the legislative, administrative, and finance committees. With their walk-out from these critical functional committees, any real work by the parliament is effectively hamstrung.

17. (SBU) In addition to these former state union-level appointments, the PM faces a struggle to appoint the G-17 candidate to replace Labus, Agriculture Minister Ivana Dulic-Markovic. Dulic-Markovic is also under attack from SPS, which initially vowed it would never let her be appointed but later clarified that it simply wanted her out of the AGMIN job (Dinkic's threat to bring down the government if she was not appointed seems to have effectively called their bluff). Our contacts have told us privately that SPS will support Dulic-Markovic as DPM, but are so far holding firm against Draskovic.

The Constitution (Again)

18. (SBU) Kostunica has revived his call for a new Serbian constitution, a need made more pressing by Montenegro's departure. He tasked Speaker of Parliament Markovic to begin consultations on reaching consensus between two drafts that have languished in parliament for about 20 months (ref c). Initial rumors indicated the PM might use the constitutional discussions to try to create an indirectly-elected president, thereby effectively removing Tadic from office in advance of fall elections. Tadic, however, has refused to discuss the constitution with Markovic and is calling for the GOS to follow the legal requirements to alter the constitution, which are essentially impossible to meet. (Note: Tadic's current term runs through 2009, but he would have to step down if he wanted to compete for the PM job - though contacts in his office have hinted he's happy in his current position. End note.)

Since then, though, there are a number of indicators that DS, DSS,

and perhaps G-17 (in the person of "bridge builder" Dinkic) are working on a compromise that would allow a constitutional text to be agreed and elections called with democratic parties aligned together - either loosely or in coalition. Contacts tell us Tadic and Kostunica met privately on June 3, presumably to discuss these issues. Media were not informed of the meeting.

Elections Timetable

¶9. (SBU) The institutional challenges in the dissolution of the state union, along with a series of political setbacks for the GoS (most notably the EU's suspension of SAA talks over the government's failure to produce Mladic) and the looming deadline for Kosovo status talks have thrown into stark relief the fragility of the Kostunica government. The referendum, in particular, seems to have finally set into motion machinery that makes early elections all but inevitable.

¶10. (SBU) There are several possible triggers for new elections. If parliament, which would have to be called into extraordinary session, cannot garner sufficient support for the legislative changes necessary to formalize the devolution of state union competencies to the Republic of Serbia (which the SRS walkout makes more likely), Speaker Markovic would probably have to dissolve the parliament and call new elections. Even if these things are worked out, G-17 leader Dinkic has already put the GoS on notice that it will withdraw support in September if SAA talks have not restarted. Finally, if a deal is reached on a constitution in the next month or two, the government could call a constitutional assembly to vote in the new document, which would force new elections at all levels of government (parliament, local elections, and the presidency - depending on how that office is treated in the new constitution). This last option will require creative interpretation of the current (Milosevic) constitution, which makes constitutional change a daunting prospect.

¶11. (SBU) If elections are announced by the beginning of September - allowing for some bureaucratic inertia and the ubiquitous European August holiday - we would expect an election date sometime in late October or early November (the date must be not less than 45, but not more than 90, days after the election is called). We will report septel on the interplay between election calculus and Kosovo status talks.

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